

- c. The computed amount referred to in paragraph b. for each hospital shall be compared to the OBRA 1993 payment limitation that, in accordance with Section J., the department has computed for the particular hospital for the 1999-2000 payment adjustment year.
- d. Where the computed amount referred to in paragraph b. for the particular hospital exceeds the OBRA 1993 payment limitation for the hospital, the amount computed under paragraph b. shall be reduced to an amount equal to the OBRA 1993 payment limitation for the particular hospital. The amount so reduced shall be used for purposes of paragraph f.
- e. Where the computed amount referred to in paragraph b. for the particular hospital is equal to or less than the OBRA 1993 payment limitation for the hospital, the computed amount referred to in paragraph b. shall be used for purposes of paragraph f.
- f. The amounts determined under paragraphs d. and e. for all eligible hospitals shall be added together, yielding an aggregate sum. The aggregate sum shall be the unadjusted projected total payment adjustment program for the period October 1, 1999, through June 30, 2000, exclusive of any supplemental payment adjustments under subsection 3.
- g. The department shall increase or decrease the amount determined for each eligible hospital under paragraph d. or e., as applicable, by multiplying the amount by an identical percentage, yielding the hospital's tentative adjusted projected total payment adjustment amount for the period October 1, 1999, through June 30, 2000. The identical percentage figure to be used for this purpose shall be that percentage that is derived by dividing the amount set forth in paragraph a. by the aggregate sum determined under paragraph f. Except, however, the amount determined for a hospital under paragraphs d. or e. shall not be increased such that it would exceed the OBRA 1993 payment limitation for the hospital, and, where such would otherwise occur, the remaining amount that would have been allocated to the particular hospital shall be reallocated to all other hospitals (that have not reached their OBRA 1993 payment limitation) on a pro rata basis so that the aggregate sum of the tentative adjusted projected total payment adjustment amounts for all hospitals equals the amount set forth in paragraph a.

- h. The tentative adjusted projected total payment adjustment amount computed for each eligible hospital under paragraph g. shall be further adjusted as follows:

(1) Nonpublic/converted hospitals.

- (a) For each eligible hospital that meets the definition of a nonpublic/converted hospital as of July 1, 1999, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "nonpublic/converted hospital adjustment factor." The applicable adjustment factor shall be that which is necessary to result in an amount for each such hospital equal to the amount used for the particular hospital under paragraph f.
- (b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1, 1999, through June 30, 2000, which shall be paid to the hospital in accordance with paragraph i.

(2) Converted Hospitals.

- (a) For each eligible hospital that meets the definition of a converted hospital as of July 1, 1999, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "converted hospital adjustment factor." The applicable adjustment factor shall be that which is necessary to result for each such hospital in an amount equal to: (i) 80 percent of the hospital's annualized Medi-Cal inpatient paid days; multiplied by (ii) the total per diem composite amount determined for the hospital, the calculation of such per diem composite amount being restricted by a maximum low-income number of 40 percent for the hospital, regardless if the hospital's low income number would otherwise be higher. In no case shall the product of this calculation exceed the amount used for the particular hospital under paragraph f.

- (b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1, 1999, through June 30, 2000, which shall be paid to the hospital in accordance with paragraph ~~k~~ i.

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(3) Nonpublic Hospitals

- (a) For each eligible hospital that meets the definition of a nonpublic hospital as of July 1, 1999, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "nonpublic hospital adjustment factor." The applicable adjustment factor shall be derived as follows:
- (i) The tentative adjusted projected total payment adjustment amounts determined under paragraph g. for each nonpublic hospital shall be added together.
- (ii) The amount identified in paragraph a. shall be divided by 2.055. The resulting figure shall then be reduced by the aggregate sums of the amounts determined for all nonpublic/converted hospitals under subparagraph (1) and all converted hospitals under subparagraph (2).
- (iii) The amount computed under subclause (ii) shall be divided by 2, and the result thereof further reduced by the amount of thirty seven million five hundred thousand dollars (\$37,500,000).
- (iv) The applicable adjustment factor shall be that ratio that results from dividing the amount derived in subclause (iii) by the amount derived in subclause (i).

- (b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1, 1999, through June 30, 2000, which shall be paid to the hospital in accordance with paragraph i. Except, however, in no case shall the final adjusted projected total payment adjustment amount exceed the hospital's OBRA 1993 payment limitation, and, where such would otherwise occur, the remaining amount that would have been allocated to the particular hospital shall be reallocated to all other nonpublic hospitals (that have not reached their OBRA 1993 payment limitation) on a pro rata basis so that the aggregate sum of the final adjusted projected total payment adjustment amounts for all nonpublic hospitals equals the amount derived in subclause (iii) of clause (a).
- (4) Public Hospitals.
 - (a) For each eligible hospital that meets the definition of a public hospital as of July 1, 1999, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "public hospital adjustment factor." The applicable adjustment factor shall be derived as follows:
 - (i) The tentative adjusted projected total payment adjustment amounts determined under paragraph g. for each public hospital described above shall be added together.
 - (ii) The amount identified in paragraph a. shall be reduced by the aggregate sums of the amounts determined for all nonpublic/converted hospitals under subparagraph (1), the amounts determined for all converted hospitals under subparagraph (2) and the amounts determined for all nonpublic hospitals under subparagraph (3).
 - (iii) The applicable adjustment factor shall be that ratio that results from dividing the amount derived in subclause (ii) by the amount derived in subclause (i).

- (b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1, 1999, through June 30, 2000, which shall be paid to the hospital in accordance with paragraph i. Except, however, in no case shall the final adjusted projected total payment adjustment amount exceed the hospital's OBRA 1993 payment limitation, and, where such would otherwise occur, the remaining amount that would have been allocated to the particular hospital shall be reallocated to all other public hospitals (that have not reached their OBRA 1993 payment limitation) on a pro rata basis so that the aggregate sum of the final adjusted projected total payment adjustment amounts for all public hospitals equals the amount derived in subclause (ii) of clause (a).
- i. The final adjusted projected total payment adjustment amount determined for each eligible hospital for the period October 1, 1999, through June 30, 2000, shall be distributed to the hospital in 8 equal installments, each payable as of the last day of each month from October 1999 through May 2000. However, no hospital shall receive an installment for any month in which the hospital does not remain in operation for the entire month. To the extent that any hospital of either of the hospital types described in subparagraph (3) or (4) of paragraph h. is not entitled to receive an installment that otherwise would be payable but for the hospital's failure to remain in operation through the last day of a particular month, the amount that would have been paid to the hospital shall be redistributed among those hospitals of the same hospital type that remain in operation from October 1, 1999, through June 30, 2000, to be distributed on a pro rata basis. The redistributed amounts shall be payable as of June 30, 2000.

- j. Notwithstanding all other provisions of this subsection regarding the OBRA 1993 payment limitations, with respect to a hospital that meets the definition of a public hospital as of July 1, 1999, the provisions of paragraphs b. through i. shall initially be implemented for the period October 1, 1999, through December 31, 1999, without application of the OBRA 1993 payment limitations. As of January 1, 2000, the department shall recalculate all determinations under paragraphs b. through i. for the payment adjustment year, taking into account the hospital's OBRA 1993 payment limitation as determined pursuant to the provisions of Section J. that are in effect as of January 1, 2000, and adjust, as necessary, the monthly payment installments from January 2000 through May 2000 to take into account any modifications to the recalculated amounts payable for the period October 1999 through December 1999 as may arise from the application of this paragraph.
- k. No eligible hospital shall receive total payment adjustments for the 1999-2000 payment adjustment year in excess of the hospital's OBRA 1993 payment limitation as computed by the department pursuant to Section J.
- l. The aggregate sum of the final adjusted projected total payment adjustment amounts computed under paragraph h. for each eligible hospital for the period October 1, 1999, through June 30, 2000, shall be the maximum size of the payment adjustment program for the entire 1999-2000 payment adjustment year, exclusive of the supplemental payment adjustments provided for under subsection 3.

3. Supplemental Lump-Sum Payment Adjustments - June 30, 2000.

- a. For the 1999-2000 payment adjustment year, eligible hospitals that meet the requirements of this subsection and that are in operation as of June 30, 2000, shall be eligible to receive a supplemental lump-sum payment adjustment, which shall be payable as a result of the facility being a disproportionate share hospital in operation as of that date, but only if the hospital has remained in operation for the period October 1, 1999, through June 30, 2000.
- b. The availability of supplemental lump-sum payment adjustments under this subsection shall be determined as follows:
 - (1) The maximum state disproportionate share hospital allotment for California under the provisions of applicable federal Medicaid rules shall be identified for the 2000 federal fiscal year.
 - (2) The total amount of all payment adjustment amounts under this Attachment (exclusive of any payments under this subsection) applicable to the 2000 federal fiscal year, whether paid or payable, shall be determined. The applicability of payment adjustment amounts to the 2000 federal fiscal year shall be determined in accordance with federal Medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.
 - (3) The figure determined under subparagraph (2) shall be subtracted from the figure identified under subparagraph (1). If the remainder is a positive figure, supplemental lump-sum payment adjustments shall be made under this subsection.
 - (4) The maximum amount of supplemental lump-sum payment adjustments under this subsection shall be the positive remainder derived in subparagraph (3).

- c. For purposes of supplemental lump-sum payment adjustments under this subsection, only hospitals that can be categorized into either of the two groups specified in subparagraphs (1) and (2) below shall be eligible to receive the supplemental payment adjustments, and no hospital may qualify for more than one of the two groups. The following groups of hospitals shall be recognized:
- (1) "Public hospitals," which shall include all eligible hospitals that, as of July 1, 1999, met the definition of a public hospital.
 - (2) "Nonpublic hospitals," which shall include all eligible hospitals that, as of July 1, 1999, met the definition of a nonpublic hospital.
- d. The amount determined to be the maximum amount of supplemental lump-sum payment adjustments under paragraph b. shall first be allocated between the two groups of hospitals referred to in paragraph c. as follows:
- (1) "Public hospitals": 71.64% of the maximum amount.
 - (2) "Nonpublic hospitals": 28.36% of the maximum amount.
- e. The amount of funds allocated pursuant to paragraph d. to each of the particular groups of hospitals referred to in paragraphs c. and d. shall then be distributed as supplemental lump-sum payment adjustments among the eligible hospitals within each particular group as follows:
- (1) The department shall identify for each eligible hospital the total amount of payment adjustments under this Attachment (exclusive of any payments under this subsection) applicable to the 1999-2000 payment adjustment year, whether paid or payable. The applicability of the payment adjustment amounts to this period of time shall be determined in accordance with federal Medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.

- (2) The amount identified for each hospital under subparagraph (1) shall be compared to the OBRA 1993 payment limitation that, in accordance with Section J., the department has computed for the particular hospital for the 1999-2000 payment adjustment year. For all purposes under this subsection, calculations of the OBRA 1993 payment limitations for public hospitals shall not be performed prior to January 1, 2000, as referred to in paragraph j. of subsection 2.
- (3) Where the amount computed under subparagraph (1) for the particular hospital is equal to or exceeds the OBRA 1993 payment limitation for the hospital, the hospital shall not receive a supplemental lump-sum payment adjustment. Data regarding hospitals that have reached this limitation shall not be used for purposes of subparagraphs (5) through (8).
- (4) Where the amount computed under subparagraph (1) for the particular hospital is less than the OBRA 1993 payment limitation for the hospital, the amount computed under subparagraph (1) shall be used for purposes of subparagraphs (5) through (8).
- (5) The figures determined under subparagraph (4) for each hospital in the particular group shall be added together to determine an aggregate total for each group.
- (6) The figures determined for each hospital under subparagraph (4) shall be divided by the aggregate total determined under subparagraph (5) for the particular group, yielding a percentage figure for each hospital.

- (7) The percentage figure determined for each hospital under subparagraph (6) shall be applied to the maximum portion of the funds allocated to the particular group under paragraph d., to determine the hospital's pro rata share of the supplemental lump-sum payment adjustments. Except, however, in the case of a nonpublic hospital that, as of July 1, 1999, met the definition of a children's hospital, such pro rata share otherwise determined shall be multiplied by a factor of 1.09, yielding a modified pro rata share. The pro rata share for the other nonpublic hospitals shall be reduced accordingly, yielding a modified pro rata share, so that the maximum portion of the funds allocated to the nonpublic hospitals group will not be exceeded. The pro rata share or modified pro rata share, as applicable, for each hospital, as computed under this clause, shall also be used for all purposes relating to descending pro rata distributions under subparagraph (8).
- (8) In no event shall a hospital receive supplemental lump-sum payment adjustment amounts in excess of the difference between the OBRA 1993 payment limitation for the hospital and the amount computed for the hospital under subparagraph (1). Any supplemental lump-sum payment adjustment amount, or portion thereof, that otherwise would have been payable under this paragraph to a hospital, but that is barred by this limitation, shall be distributed on a descending pro rata basis to those hospitals within the same group.
- f. The department shall make interim and final payments of the supplemental lump-sum payment adjustments to hospitals on or before August 15, 2000.